

## 42.709-0 Scope.

(a) This section implements [10 U.S.C.2324\(a\)](#) through (d) and [41 U.S.C.4303](#). It covers the assessment of penalties against contractors which include unallowable indirect costs in-

(1) Final indirect cost rate proposals; or

(2) The final statement of costs incurred or estimated to be incurred under a fixed-price incentive contract.

(b) This section applies to all contracts in excess of \$800,000, except fixed-price contracts without cost incentives or any firm-fixed-price contracts for the purchase of commercial items.

**Parent topic:** [42.709 Penalties for Unallowable Costs.](#)